

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
Item 18, I. D. #5993
ENERGY DIVISION
RESOLUTION E-4025
October 5, 2006

R E S O L U T I O N

Resolution E-4025. Pacific Gas and Electric Company requests approval to disburse \$2.59 million from the Humboldt Bay Power Plant Unit 3 Nuclear Decommissioning Trusts for preparatory decommission work. Approved.

By Advice Letter 2876-E, Filed on August 7, 2006.

SUMMARY

This Resolution approves Pacific Gas and Electric Company's (PG&E) request to disburse \$2.59 million from the Humboldt Bay Power Plant Unit 3 (Humboldt Unit 3) Nuclear Decommissioning Trusts to perform preparatory decommissioning work for:

- Shipment and Burial of the Spent Pool Fuel Irradiated Hardware
\$921,000
- Removal and Disposal of Abandoned Equipment
\$630,000
- Multi-Agency Radiation Survey and Site Investigation Manual Study
\$1,035,000

BACKGROUND

Humboldt Bay Unit 3 full decommissioning starts in 2009.

Humboldt Bay Power Plant Unit 3 is a 65 megawatt boiling water reactor that began commercial operation in 1963, ceased operation in 1976, and was placed in

the SAFSTOR¹ custodial mode in 1988 to wait for final decommissioning. Final decommissioning is slated to occur in 2009.

PG&E filed Advice Letter (AL) 2876-E requesting to disburse \$2.59 million from the Nuclear Decommissioning Trust.

On August 7, 2006, PG&E filed AL 2876-E. In its advice letter PG&E requests Commission approval of the disbursement of \$2.59 million from its Nuclear Decommissioning Trust for Humboldt Unit 3 to perform three preparatory activities prior to implementation of full decommissioning.

PG&E's request for \$2.59 million represents 1 percent of the current value of the trust.

The Nuclear Decommissioning Master Trusts (Trusts) were established in D.85-12-022, to allow PG&E "to recover from its ratepayers the cost of decommissioning the prudently constructed plant at Humboldt Bay Power Plant Unit 3." Funds for the Trusts were collected from PG&E's ratepayers from 1988 through 1991, and from 2003 through 2005. As of December 31, 2005, the Trusts had a liquidation value of \$254.5 million, a market value of \$265.9 million and an expense-equivalent value of \$321.9 million.² The \$2.59 million requested in AL 2876-E represents approximately 1 percent of the total current value of the Trusts.

The scope of work to be performed and the associated costs are:

- Shipment and Burial of the Spent Pool Fuel Irradiated Hardware
\$921,000
- Removal and Disposal of Abandoned Equipment
\$630,000

¹ SAFSTOR is a process intended to put the facility in a "mothball" condition with adequate assurance of public safety before decommissioning can commence.

² The liquidation value of the Trust reflects the amount available after taxes to pay for nuclear decommissioning projects. The "expense-equivalent value" represents the tax savings of the non-qualified nuclear trust combined with the liquidation value.

- Multi-Agency Radiation Survey and Site Investigation Manual Study
\$1,035,000

The scope of work proposed by PG&E in AL 2876-E was included in the decommissioning cost estimate filed in PG&E's 2002 Nuclear Decommissioning Cost Triennial Proceeding (NDCTP) Application (A.) 02-03-020 and approved by the Commission in Decision 03-10-014, and in PG&E's 2005 NDCTP A.05-11-009. The triennial nuclear decommissioning proceedings review the reasonableness of both operation and maintenance activities³ and decommissioning activities, in addition to the evaluation of the decommissioning cost estimates required for each nuclear unit to determine the contribution levels required for each of the trusts.

The decommissioning work for Humboldt Unit 3 is funded by the trusts and is distinct from operations and maintenance activities for Humboldt Unit 3 performed under SAFSTOR, which is funded through PG&E's General Rate Case.

PG&E states that customers will see no change in their rates as a result of drawing upon the Trusts for these activities.

NOTICE

Notice of AL 2876-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-A on a list attached to the advice letter and was also sent to those on the service lists for the 2005 NDCTP, A.05-11-008 and A.05-11-009.

PROTESTS

AL 2876-E was not protested.

³ O&M costs for Humboldt Unit 3 are those expenses associated with activities needed to maintain the plant in accordance with the terms of its license and applicable Nuclear Regulatory Commission (NRC) requirements.

DISCUSSION

CPUC authorization for disbursement from the fund is required by the trustee.

Section 2.01 (4) of the Humboldt Decommissioning Trust Agreement requires PG&E to submit to the Trustee a showing with respect to each withdrawal of money from the fund. Among the requirements, PG&E must submit "a CPUC Order authorizing either Interim Disbursements or Final Disbursements. A copy of such order shall accompany the Disbursement Certificate or Withdrawal Certificate." Therefore, this resolution provides the authorization required by PG&E to withdraw the requested funds from the trusts.

Energy Division has reviewed PG&E's request for funds from the Humboldt Unit 3 Nuclear Decommissioning Trusts. All three activities directly relate to decommissioning of Humboldt Unit 3.

Removal and burial of the irradiated hardware must commence before June 30, 2007.

In the 2005 NDCTP, intervenors suggested that PG&E dispose of Humboldt Bay Class B and Class C waste prior to the closure of the Barnwell Low Level Waste Disposal facility to non-Atlantic Compact members. Barnwell is closing to non-Atlantic Compact area waste shippers as of June 30, 2008, and all available space after June 30, 2007 has been reserved by others. PG&E states that in order to avoid maintenance and storage of this waste on-site, it is prudent to ship the Humboldt Bay material no later than June 30, 2007. This material is irradiated hardware, processed under a demonstration project undertaken to prepare for the higher level radioactive hazard and high level alpha contamination of Low Level Radioactive Waste (LLRW) that will be encountered during the major component removal. The estimated cost of this LLRW shipment and burial is \$921,000.

Removal and disposal of abandoned equipment will provide needed space for the Independent Spent Fuel Storage Installation (ISFSI) system.

PG&E states that decommissioning planning activity undertaken in 2005 indicated that a substantial quantity of abandoned equipment remaining on the operating floor of the refueling building, within the spent fuel pool and in the Unit 3 yard should be removed for efficient processing of other material during

full decommissioning. Items identified for removal include control rod drive hydraulic pumps, the reactor poison tank and the reactor water cleanup heat exchanger resin tank and related piping and controls. Removal of this equipment will provide space for laydown areas for ISFSI (dry cask storage for spent nuclear fuel) processing equipment prior to full decommissioning. The ISFSI system was approved under Resolution E-3912. The removed equipment is classified as Class A low-level radioactive waste, and will be shipped to and buried at the Envirocare facility in Clive, Utah. The estimated cost is \$630,000.

The Multi-Agency Radiation Survey and Site Investigation Manual Study will provide an assessment of Humboldt's radiation status.

The last activity to be funded is a Multi-Agency Radiation Survey and Site Investigation Manual (MARSSIM) Study. This survey and study is an assessment of the final radiological characterization of the decommissioned plant site required prior to the start of decommissioning, with specific focus on the final status surveys that are carried out to demonstrate compliance with cleanup regulations. The document incorporates the statistical approaches to survey design and data interpretation issued by the Environmental Protection Agency (EPA). PG&E states that this work takes approximately 2 years to complete due to negotiation with the Nuclear Regulatory Commission (NRC) and the State of California. The estimated cost of this project is \$1,035,000.

We approve PG&E's request to expend Humboldt Nuclear Decommissioning Trust Funds in the total amount of \$2.59 million for removal, transport and burial of Class C LLRW and Class A LLRW abandoned equipment to Barnwell and Envirocare, respectively, and for the MARSSIM survey and study. In its next NDCTP, PG&E should provide a detailed description of each completed project and the estimates and final the costs of each project identified in AL 2876-E for reasonableness review.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being reduced.

No comments were submitted on the draft resolution.

FINDINGS

1. Humboldt Bay Power Plant Unit 3 is in a SAFSTOR custodial mode and is slated to be decommissioned in 2009.
2. By Advice Letter 2876-E filed on August 7, 2006, PG&E requests authority to spend an estimated \$2.59 million for three pre-decommissioning activities. AL 2876-E was not protested.
3. PG&E requests approval of \$921,000 for the shipment and burial of the spent pool fuel irradiated hardware to Barnwell.
4. The Barnwell facility will be closing to non-Atlantic compact members as of June 30, 2008, and all available space for Class B and Class C LLRW has been reserved after June 30, 2007.
5. PG&E needs to ship its irradiated hardware before June 30, 2007.
6. PG&E requests approval of \$630,000 for the removal and disposal of Class A LLRW abandoned equipment to Envirocare.
7. The removal and disposal of the abandoned equipment will provide needed space for ISFSI system preparation, approved under Resolution E-3912.
8. PG&E requests approval of \$1,035,000 for a Multi-Agency Radiation Survey and Site Investigation Manual Study.
9. The MARSSIM survey and study will provide an assessment of the final radiological characterization of the plant, with a focus on the surveys required to demonstrate cleanup compliance.
10. In its next NDCTP, PG&E should provide a detailed description of each completed project and the estimates and final costs of each completed project for reasonableness review.

THEREFORE IT IS ORDERED THAT:

1. The request of Pacific Gas and Electric Company for authority to expend \$2.59 million of the Humboldt Bay Power Plant Unit 3 Nuclear Decommissioning Trust fund as requested in Advice Letter 2876-E is approved.

2. In its next NDCTP, PG&E shall provide a detailed description of each completed project and the estimates and final costs of each project identified in Advice Letter 2876-E for reasonableness review.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 5, 2006.

STEVE LARSON
Executive Director